

- **Board of Directors**
Water Planning and Stewardship Committee

November 18, 2008 Board Meeting

8-3

Subject

Authorize agreement to reimburse Coachella Valley Water District for operating costs associated with reducing its 2008 request for Colorado River water by 4,000 acre-feet

Description

Authorization is requested for the General Manager to enter into an agreement where Coachella Valley Water District (CVWD) would reduce its Colorado River diversion by 4,000 acre-feet, thereby making this water available for diversion and use by Metropolitan. In consideration, CVWD would be reimbursed for its costs associated with revising its operations up to \$264,000. Metropolitan would benefit by increasing deliveries from Colorado River in 2008.

Background

In 1988, Metropolitan entered into an agreement with Imperial Irrigation District (IID) to finance a Water Conservation Program that would reduce IID's use of Colorado River water by about 100,000 acre-feet per year. In order for Metropolitan to receive the conserved water, it also entered into an Approval Agreement with CVWD confirming Metropolitan's right to the water conserved by IID, which was later amended in 2003 in connection with the Quantification Settlement Agreement. The Approval Agreement allows CVWD to request delivery of up to 20,000 acre-feet of conserved water in any year.

Proposed Agreement

CVWD's current Colorado River delivery request for 2008 includes the 20,000 acre-feet authorized under the Approval Agreement as amended. However, CVWD recently determined that it could reduce its scheduled delivery of this water by 4,000 acre-feet if Metropolitan would reimburse CVWD for operational costs incurred. The 4,000 acre-feet of water would be delivered to Metropolitan in 2008. Both agencies would adjust their diversion request with the Bureau of Reclamation.

The maximum amount of reimbursement to CVWD would be \$264,000, which equates to a cost to Metropolitan of \$66 per acre-foot.

The 4,000 acre-feet of Colorado River water would provide an additional supply to Metropolitan to meet this year's demands. The proposed agreement also provides a basis for future cooperation with CVWD to manage Colorado River water supplies for the benefit of both agencies.

Policy

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

By Minute Item 41222, dated January 10, 1995, the Board approved the legislative policy principles.

By Minute Item 42820, dated February 10, 1998, the Board adopted legislative policy principles for Colorado River resources.

By Minute Item 43344, dated January 2, 1999, the Board recognized that the price of water will differ depending upon whether it is from supplies subject to allocation by the Federal Government or secured under other rights.

By Minute Item 47327, dated December 11, 2007, the Board adopted multiple agreements collectively referred to as the "Colorado River Agreements" including the creation of Intentionally Created Surplus credits and the ability to store water in Lake Mead.

By Minute Item 37468, dated December 1988, the Board approved the Agreement for the Implementation of a Water Conservation Program and Use of Conserved Water with the Imperial Irrigation District

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, IID, acting as the Lead Agency, prepared and processed a Final Environmental Impact Report (Final EIR) for the water conservation program. The Final EIR and related CEQA documentation (including findings of fact, mitigation monitoring program, etc.) was certified and approved by the Lead Agency on December 2, 1986. On December 22, 1988, Metropolitan, acting as a Responsible Agency under CEQA, certified that it had reviewed and considered the information in the certified Final EIR and related CEQA documentation and approved the Program. With the current board action, there are no substantial changes proposed to the Program. Hence, the environmental documentation in conjunction with the Program and the proposed action fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act with regards to the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the certified 1986 Final EIR and related CEQA documentation and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the General Manager to enter into an agreement to reimburse Coachella Valley Water District for its operational costs in the amount up to \$264,000 for reducing its request for water conserved under the IID/MWD 1988 Agreement from 20,000 acre-feet to 16,000 acre-feet and making 4,000 acre-feet available for use by Metropolitan in 2008.

Fiscal Impact: \$264,000

Business Analysis: Authorization would provide Metropolitan 4,000 acre-feet at \$66 per acre-foot. This water would be delivered to Metropolitan's service area in 2008 and is a component of the five-year water supply action plan.

Option #2

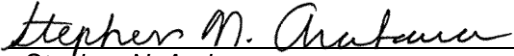
Do not authorize the General Manager to enter into an agreement with Coachella Valley Water District to acquire the 4,000 acre-feet.

Fiscal Impact: None

Business Analysis: Results in a lost opportunity to secure additional water supply during 2008.

Staff Recommendation

Option #1



Stephen N. Arakawa
Manager, Water Resource Management

10/31/2008

Date



Jeffrey Knightlinger
General Manager

11/4/2008

Date

BLA #6349